VZCZCXRO4221 PP RUEHFK DE RUEHKO #3016 1520845 ZNR UUUUU ZZH P 010845Z JUN 06 FM AMEMBASSY TOKYO TO RUEHC/SECSTATE WASHDC PRIORITY 2740 RUEKJCS/SECDEF WASHDC PRIORITY RUCPDOC/USDOC WASHDC PRIORITY RUEATRS/DEPT OF TREASURY WASHINGTON DC PRIORITY RUYNAAC/COMNAVFORJAPAN YOKOSUKA JA PRIORITY RHHMUNA/HQ USPACOM HONOLULU HI PRIORITY RHHMHBA/COMPACFLT PEARL HARBOR HI//N541// PRIORITY RHMFIUU/HQ PACAF HICKAM AFB HI//CC/PA// PRIORITY RUHBANB/OKINAWA FLD OFC US FORCES JAPAN CP BUTLER JA PRIORITY RHMFIUU/COMUSJAPAN YOKOTA AB JA PRIORITY INFO RUEHFK/AMCONSUL FUKUOKA 6524 RUEHOK/AMCONSUL OSAKA KOBE 9751 RUEHBJ/AMEMBASSY BEIJING 2586 RUEHMO/AMEMBASSY MOSCOW 1065 RUEHUL/AMEMBASSY SEOUL 8766 RUCNDT/USMISSION USUN NEW YORK 0554 RHEHAAA/NSC WASHDC

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STATE FOR I/RF, PA/PR/FPC/W, IIP/G/EA, EAP/PD, R/MR, EAP/J, EAP/P, PM; USTR FOR PUBLIC AFFAIRS OFFICE; TREASURY FOR OASIA/IMI; SECDEF FOR OASD/PA; CP BUTLER OKINAWA FOR AREA FIELD OFFICE; PACOM HONOLULU FOR PUBLIC DIPLOMACY ADVISOR

E.O. 12958: N/A

TAGS: OIIP KMDR KPAO JA

SUBJECT: MEDIA REACTION CONTINUING CONFUSION IN EAST

TIMOR - TOKYO

LEAD STORIES: Thursday morning's conservative Sankei gave top play to a report suggesting that the US and Japan are on heightened alert regarding North Korea's possible launch of a Taepodong-2 long-range ballistic missile.

11. "Prime Minister Alkatiri Has No Intention of Resigning" Dili correspondent Hanada of the topcirculation, moderate Yomiuri reported (6/1): "Embattled East Timorese Prime Minister Alkatiri stated Wednesday during an interview that he would not meet rising calls for his resignation, saying that while stepping down would be easy, he has a responsibility to stabilize the country. Given that Alkatiri's resignation had been considered key to restoring law and order, his announcement that he will stay on as prime minister makes it more likely that the unrest will become protracted.... UN Secretary General Annan expressed regret over the complete withdrawal of a UN peacekeeping force in 2005, while Australian Prime Minister Howard attributed the unrest to the 'hasty independence' of East Timor.... Rebel forces will likely become more radical if Alkatiri continues to turn a deaf ear to calls for his resignation. With the prime minister trying to hold onto power until presidential and parliamentary elections in mid-2007, protracted unrest is becoming more likely. It is believed that President Gusmao holds the key to stabilizing the country by taking the initiative in persuading Alkatiri to resign."

SCHIEFFER